

Air Force Materiel

Winning Capabilities ... On Time, On Cost

Command

NET Training Simplified Acquisition Procedures (SAP)

**AFFTC/PKC
Mar 12**



***Integrity ~ Service ~
Excellence***



Course Overview

- **Length - 2 hours**
- **Method of delivery - Presentation**
- **Course contents**
 - Simplified Acquisition Procedures as described in FAR Part 13 and other references



Overview

- **Definition**



- **Criteria for Use**



- **Advantages**



- **SAP Methods**



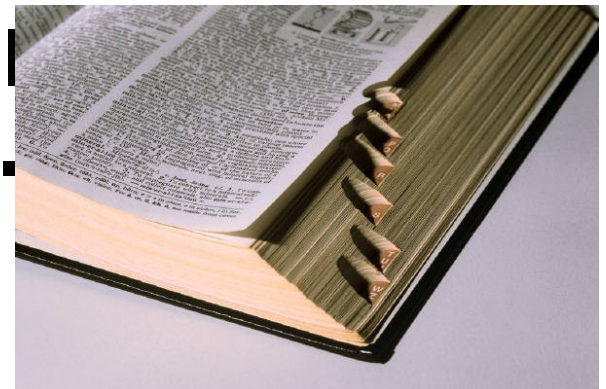
- **Summary**



Definition

- **Simplified Acquisition Procedures (SAP)** (formerly referred to as “Small Purchases”) use acquisition methods prescribed in FAR Part 13 for the acquisition of supplies and services including construction, research and development and commercial items, the aggregate amount of which does not exceed the SAT (Simplified Acquisition Threshold; i.e.

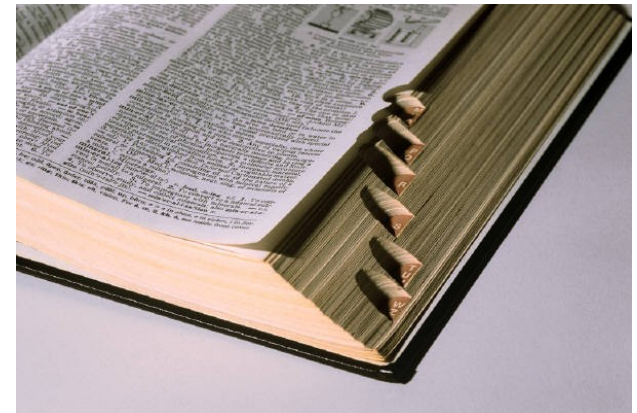
FAR 13.000





Definition ...

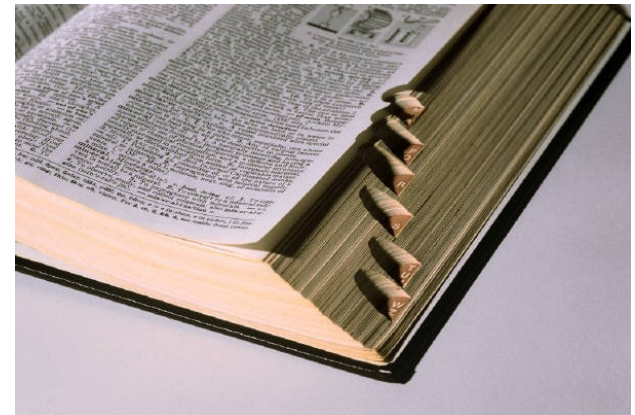
- **SAPs are contracting methods designed to streamline the acquisition process and facilitate the procurement of goods and services quickly and easily. The results include less paperwork and lower costs for both the contractor and the government.**





Definition ...

- **Important SAP Terminology:**
 - **Simplified Acquisition Threshold (SAT):**
 - \$150,000 for non-commercial purchases¹
 - **Micro-Purchase:**
 - Purchases which do not exceed the Micro-Purchase threshold
 - **Micro-Purchase Threshold:²**
 - \$3,000 for Supplies:
 - \$2,500 for Services
 - \$2,000 for Construction



¹Note: SAPs awarded in Micro-purchase to \$150K range are reserved for Small Businesses

²Contingency Contracting micro-purchase threshold for supplies/services is \$15,000 in USA



Criteria for Use



- **Use one of the acquisition methods prescribed in FAR Part 13:**
 - Government-Wide Purchase Card (FAR 13.301)
 - Purchase Orders (FAR 13.302)
 - Blanket Purchase Agreements (FAR 13.303)
 - Imprest Funds & Third Party Drafts (FAR 13.305)
 - SF 44, Purchase Order-Invoice-Voucher (FAR 13.306)
- **Aggregate amount of acquisition does not [generally¹] exceed SAT (Simplified Acquisition Threshold):**
 - SAT amount is \$150K
 - ¹Exception: amount is \$6.5M for Commercial Items (FAR 13.500) ¹No longer applicable as of 1JAN2012



Criteria for Use ...



- **Requirement not available through a required source in FAR Part 8**
 - (e.g., Federal Prison Industries, Committee for Purchase from People Who are Blind or Severely Disabled, and Federal Supply Schedule contracts)
- **No other procurement instrument is in place to satisfy the requirement (e.g. Indefinite Delivery contract, Other Established Contracts, etc.)**
- **Requirement is well-defined**

FAR 13.003(a)



Advantages



- **Faster than other acquisition methods**
 - Shorter solicitations
 - Faster turnaround times
- **Saves money for Government and Contractor**
 - Less paperwork
 - Less manpower
 - Reduced administrative costs
- **Promotes Small Business Opportunities**
 - Acquisitions exceeding Micro-purchase but not over \$150K (SAT) are set-aside for Small Businesses (FAR 19.502-2)



Five SAP Methods

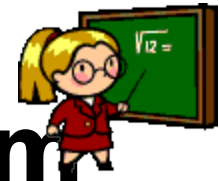


Buying Methods Prescribed in FAR Part 13

- 1. Government-Wide Purchase Card**
- 2. Purchase Orders**
- 3. Blanket Purchase Agreements**
- 4. Imprest Funds & Third Party Drafts**
- 5. SF 44, Purchase Order-Invoice-Voucher**



Government-Wide Purchase Card Program



#1



FAR 13.301



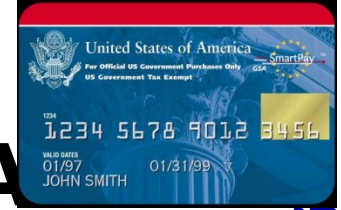
What is the Purchase Card?




- **Simply put, it's a VISA card**
- **Contract between GSA and U.S. Bank**
- **Used, primarily, for micro-purchases**
 - **\leq \$2,000 for Construction**
 - **\leq \$2,500 for Services**
 - **\leq \$3000 for Supplies**
- **Pre-priced government contracts are exceptions \leq \$25K**



WHAT GOVERNS THE PURCHASE CARD PROGRAM



- **FAR 13.301**
- **GSA CONTRACT** (with the Bank) 
- **AFI 64-117- AF Govt-Wide Purchase Card Program**
- **AFI 65-601 v1 - Budget Guidance and Procedures**



How-to acquire Micro-purchases without using GPC



- **AF Policy: A written determination from a member of SES, Flag Officer, or General Officer is required for purchases of Micro-Purchases¹ NOT purchased using the Purchase Card (Ref. 2 Oct 98 memorandum, Subject: Streamlined Payment Practices for Award/Orders Valued at or below the Micro-Purchase Threshold, signed by Dave Oliver, Principal Deputy, Under Secretary of Defense)**

¹Micro-purchases:

≤ \$2,000 for Construction

≤ \$2,500 for Services

≤ \$3000 for Supplies



Items Typically Acquired



- **Homeland Defense**
- **Computers, Software and Computer Equipment**
- **Construction \leq \$2000**
- **Office Supplies**
- **Furniture**
- **Electronics**
- **Nonpersonal Services \leq \$2500**



Cardholder Expectations of Vendors



- **Prompt processing of charges**
- **Prompt delivery/service**
- **Quick resolution of problems**
- **FOB destination pricing**
- **Ensuring items are covered by a government contract if purchase exceeds micro-purchase threshold**



Cardholder Responsibilities



- **Proper Use**
- **Maximizing competition**
- **Fair and reasonable pricing**
- **Training**
- **Tracking delivery and warranty**
- **Follow all simplified acquisition procedures as identified in FAR Part 13**
- **Equipment accountability**
- **Buying "Green"**
- **IRS reporting/withstand audits**



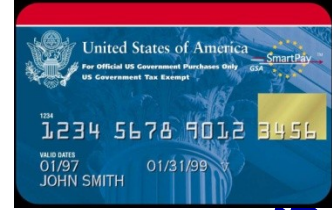
Responsibilities of GPC Team



- **Billing Official**
 - Routine oversight of cardholders
- **Surveillances**
 - IAW AFI 64-117 Purchase Card Regulation
 - Mandatory Sources
 - Documentation
 - Purchases > Micro-purchase threshold
 - Split Purchases
 - Abuses



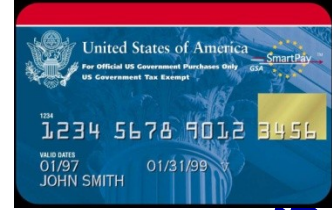
Benefits to Vendors



- **VISA capable vendors are preferred suppliers**
- **FAST Payment**
 - Usually 24 hrs
 - Maximum 3 calendar days
- **Bypass invoicing process, thus bypassing DFAS**
- **Dealing directly with end user/customer**



E-GPC



- **AFMC units must obtain office supplies utilizing their GPC only from vendors who offer goods through:**
 - GSA or AF Advantage (www.afadvantage.gov)
 - DoD EMALL (www.emall.dla.mil)



Purchase Orders



2

- **A purchase order, when issued by the Government, means an offer by the Government to buy supplies or services, at the stated price in the order and upon specified terms and conditions contained in the order**
 - Award amount is $<$ Micro-purchase Threshold and \leq \$150K (SAT)
 - Unless commercial $<$ Micro-purchase Threshold to \leq \$6.5M
 - Purchase Order itself shall contain at minimum
 - Quantities of supplies or scope of services
 - Delivery date or period of performance
 - F.O.B. destination unless valid reason otherwise
 - Usually awarded unilaterally (only CO signs)
 - Becomes a binding Contract versus offer when contractor performs or if contractor signs the order



Purchase Orders ...

- **Types**
 - **Priced** (Preferred)
 - Usually Firm Fixed price
 - **Unpriced**
 - Price is not set at time of issuance of order
 - Impractical to obtain pricing in advance
 - See FAR 13.302-2 for restrictions on use
 - Monetary limitations shall be placed on the order
 - subject to adjustment when price is determined



Purchase Orders ...

- **Solicitation Procedures**

- **Oral**

- Noncomplex buys
 - Acquisition does not exceed SAT
 - Only when buy excepted from synopsis requirement

- **Written**

- SOW or special clauses are necessary
 - Oral quotes are not economical or practical
 - Construction buy > \$2,000
 - **Solicitation Forms**
 - SF 18, Request for Quotation
 - SF 1449, Solicitation/Contract/Order for Commercial Items
 - SF 1442, Solicitation, Offer and Award (Construction, Alteration or Repair)
 - DD 1155, Order for Supplies or Services



Purchase Orders ...

- **Award Forms**

- **SF 1149 - Solicitation/Contract/Order for Commercial Items**
- **DD 1155 - Order for Supplies or Services**
- **SF 1442 - Solicitation, Offer and Award (Construction, Alteration or Repair)**



Blanket Purchase Agreements



#

3

- **Simplified method of obtaining anticipated repetitive needs for supplies and services by establishing “charge accounts¹” with qualified sources of supply**
 - Initiated for a broad class of goods or services that are generally purchased but exact items, quantities and delivery requirements are not known
 - Sample supplies and services that could be purchased with individual BPAs
 - Electrical supplies
 - Office supplies
 - Boiler Water Treatment Services
 - Port-a-potty Services
- **May award to multiple contractors²**
- **Orders are placed through “Calls” to Contractor**
 - Verbal or written
 - Centralized (Contracting Office)
 - Decentralized (customer) if authorized

¹**Charge Account** - A credit arrangement in which a customer receives purchased goods or services before paying for them (i.e. no up-front obligation (PR))

²**Multiple Award BPAs** - buying office must develop and document a game plan on how orders will be fairly distributed among awardees (e.g. based upon rotation, lowest price, delivery times, etc.)



Blanket Purchase Agreements ...

- **NOTE**



- **There are two types of BPAs:**

- **“Traditional” BPA**

- Subject to FAR Part 13

- **GSA Schedule BPAs**

- Aka Multiple Award Schedule (MAS) BPAs

- Subject to FAR 8.405-3



Blanket Purchase Agreements ...

- **BPA Forms**
 - SF 1449, Solicitation/Contract/Order for Commercial Items, or
 - DD 1155, Order for Supplies or Services
- **BPA award itself shall contain, at minimum, the following terms and conditions:**
 - **Description of the Agreement**
 - General description of supplies or services that will be furnished
 - **Extent of Obligation**
 - Govt. is only obligated to pay for actual orders placed
 - **Authorized “Callers” and their dollar limitation per order (call)**
 - **Delivery Tickets**
 - Require that deliveries be accompanied with “Sales slips”
 - **Invoicing Instructions**
 - **Price List** (mandatory for decentralized ordering)



Blanket Purchase Agreements ...

- **Orders are placed through “Calls” to Contractor**
 - Verbal or written
 - If not otherwise limited, Individual calls cannot exceed:
 - \$150K (SAT) – Non-Commercial
 - \$6.5 M * – Commercial *FAR 13.5 No longer applicable
- **Government only obligated to pay for placed Orders**
- **Contractor can only take Orders from authorized “callers”**
 - Callers must keep a log of calls (Call Log)
 - What ordered; when ordered; price, etc.
 - Reconcile delivered items/services against Call Log
 - Some offices prohibit callers from receiving items (check and balance)

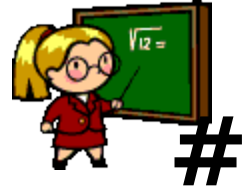


Blanket Purchase Agreements ...

- **Ordering (Calls, cont'd)**
 - Centralized
 - **“Calls” placed by Contracting Office (Buyer or CO)**
 - Items do not have to be pre-priced in award
 - » Fair and reasonable price needs to be determined and documented when ordering
 - Decentralized
 - **“Calls” placed by functional organization (the customer)**
 - Items or services are pre-priced (Price Lists)
 - » Negotiated price list are established up-front with award
 - » Price lists are renegotiated at various agreed upon time intervals (e.g. 1 yr)
 - Customer can only order from the price list
 - **Annual CO review of BPA calls/procedures/documentation required**



Imprest Funds & Third Party Drafts



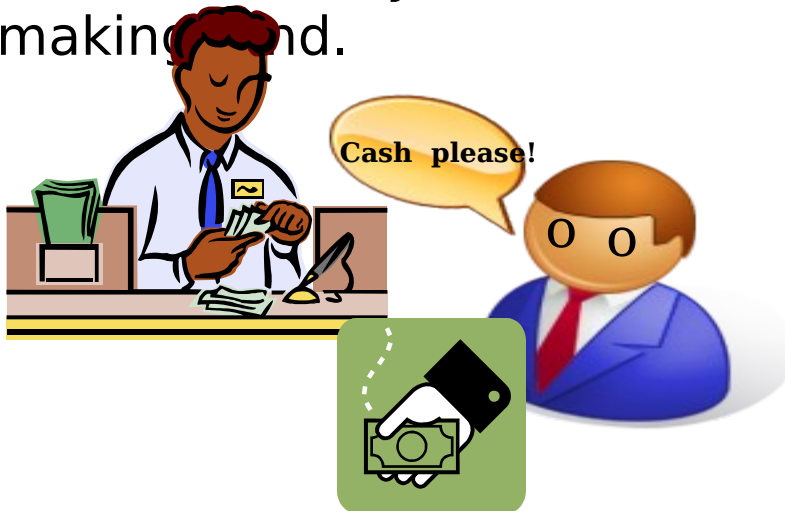
- **Imprest Funds and Third Party Draft payment methods**
 - Used in rare circumstances where Electronic Funds Transfer (EFT) method of payment is waived for:
 - National Security
 - Military Operations
 - Natural Disasters
 - Foreign Government does not support EFT payment
- **Imprest Funds**
 - Cash payments
 - $\leq \$500$ unless other amount is authorized by Agency Head
- **Third Party Draft**
 - Check-like payments
 - $\leq \$2,500$ unless authorized at a higher level in accordance with Treasury restrictions

PAR 13.305



Imprest Funds & Third Party Drafts...

- An **imprest fund** is a fixed-cash or petty-cash fund in the form of currency or coin that has been advanced as Funds Held Outside of Treasury. The imprest fund cash is charged to a specific appropriation account by a Government agency official to an authorized cashier for cash payment or other cash requirement as specifically authorized. The fund may be of a revolving type, replenished to the fixed amount as spent or used, or may be of a stationary nature such as a change-making fund.





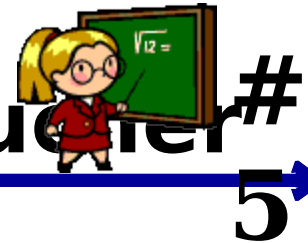
Imprest Funds & Third Party Drafts...



- **Third party draft** - means an agency bank draft, similar to a check, that is used to acquire and to pay for supplies and services.

Third party drafts are check-like payment instruments used by a Federal agency, drawn against and paid by an outside-the-government service provider that may be a financial institution. After the drafts, which have been furnished by the service provider, are issued by the agency and presented at the service provider's financial institution, the service provider bills the agency for the amount of the drafts plus the service fees.





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SF 44

Purchase Order-Invoice-Voucher...

- **Order NTE Micro-purchase Threshold¹**
 - unless disaster or contingency buy (\leq SAT)
- **Supplies or services are immediately available**
- **Only one delivery and one payment**
- **No clauses**

¹Micro-purchase Threshold:

\$2,000 for Construction

\$2,500 for Services

\$3000 for Supplies



Summary

- **Simplified Acquisition Procedures**

- Five (5) Acquisition Procedures prescribed in FAR 13
- For well-defined requirements
- No other procurement instrument in place or mandated to fill requirement
- Faster and more administratively economical than other acquisition methods
- Promote small businesses (SB)

- Full SB set aside for acquisitions < Micro purchases to \$100K



Government-Wide Purchase Card Program



#1



VISA Card

- **Primarily used for micro-purchase buys**
- **Exception: can be used as payment vehicle on pre-priced govt. contract \leq \$25K where authorized**

FAR 13.301



Purchase Orders



2

- **A purchase order, when issued by the Government, means an offer by the Government to buy supplies or services, at the stated price in the order and upon specified terms and conditions contained in the order**
 - Award amount > Micro-purchase and $\leq \$100K$ (SAT)
 - Unless commercial > Micro-purchase and $\leq \$5.5M$
 - Becomes a binding Contract versus offer when contractor performs or if contractor signs the order

FAR 13.302



Blanket Purchase Agreements

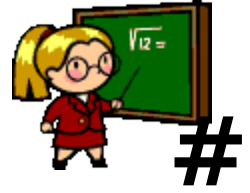


3

- **Simplified method of obtaining anticipated repetitive needs for supplies and services by establishing “charge accounts” with qualified sources of supply**
- **Initiated for a broad class of goods or services that are generally purchased but exact items, quantities and delivery requirements are not known**
- **Orders are placed through “Calls” to Contractor**
 - Verbal or written
 - Centralized (APMC Contracting Office)
 - Decentralized (customer) if authorized



Imprest Funds & Third Party Drafts



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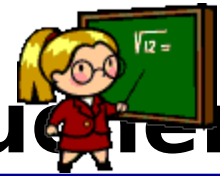
- **Used in rare circumstances where Electronic Funds Transfer (EFT) method of payment is waived**
- **Imprest Funds**
 - Cash payments
 - $\leq \$500$
- **Third Party Draft**
 - Check-like payments
 - $\leq \$2,500$

FAR 13.305



SF 44

Purchase Order-Invoice-Voucher#



5

The SF 44, Purchase Order -- Invoice -- Voucher, is a multipurpose pocket-size purchase order form designed primarily for on-the-spot, over-the-counter purchases of supplies and nonpersonal services while away from the purchasing office or at isolated activities (especially disaster and Contingency operations). It's an all-in-one document. Can be used as a receiving report, invoice, and public voucher.

- **Order NTE micro-purchase**
 - **Unless disaster or contingency buy ($\leq \$100K$)**

FAR 13.306



Summary

- Questions?

